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NORTHLAND TRUST
COMPANY

FIFTH ANNUAL REPORT

NINETEEN HUNDRED AND SIXTY-SIX

OFFICERS OF THE COMPANY

J. W. McBean	Chairman of the Board
J. L. C. McKay-Clements, P. Eng.	President
J. A. Kennedy	Vice-President
H. W. Gauthier, Q.C.	Secretary
R. H. Pope, C.A.	Treasurer
P. H. Harrower	General Manager

EXECUTIVE COMMITTEE

J. L. C. McKay-Clements, P. Eng.	Chairman
F. G. Carrotte, C.A.	Secretary
J. A. Kennedy	
A. M. Korman	

MORTGAGE COMMITTEE

J. A. Kennedy	Chairman
P. H. Harrower	
A. M. Korman	
R. H. Pope, C.A.	

HEAD OFFICE DEPARTMENTS

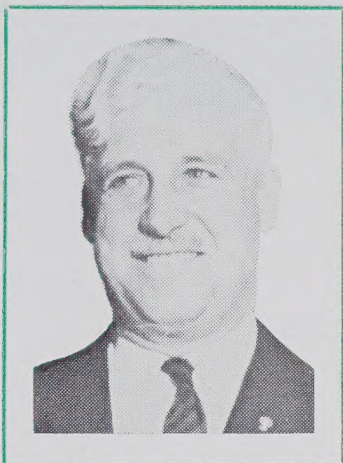
J. J. Dousett	Audit Officer
R. J. Kennedy	Trust Officer
R. B. McTaggart	Mortgage Manager
Mrs. G. Roscoe	Accountant

Cover

Head Office and Timmins Branch
194 Third Avenue
Building Officially Opened June 25, 1966

DIRECTORS OF THE COMPANY

F. G. Carrotte, C.A. General Manager, Jamar Plywood Ltd.	Kirkland Lake
G. H. Charlewood, Ph.D. President, Heath & Sherwood Drilling (Eastern) Limited	Kirkland Lake
W. R. DuPont, Q.C. Barrister	Cochrane
P. H. Harrower General Manager, Northland Trust Company	Timmins
J. A. Kennedy President, Kennedy Agencies Ltd.	North Bay
G. E. Knowles President, Geo. E. Knowles Ltd.	Kapuskasing
A. M. Korman Secretary-Treasurer, Korman's Dairy Ltd.	Timmins
E. J. Marinigh, C.A. Secretary-Treasurer, Heath & Sherwood (1964) Ltd.	Kirkland Lake
J. W. McBean President, Heath & Sherwood Drilling Ltd.	Kirkland Lake
J. L. C. McKay-Clements, P. Eng. President, Canadian Lundia Ltd.	New Liskeard
D. McKelvie President, Northern Telephone Ltd.	New Liskeard
J. P. McVittie President, Sudbury Motors Ltd.	Sudbury
R. H. Pope, C.A. Partner, Ross, Pope & Company	Timmins
J. S. Stewart Barrister	Haileybury
G. R. Wallace, Q.C. Barrister	North Bay



J. W. McBean
Chairman of the Board

REPORT T

The Fifth Annual Report of Northland Trust Company shows continued growth during 1966. While we have yet to show an operating profit, we can feel that our major period of development has passed without impairing prospects for future profits.

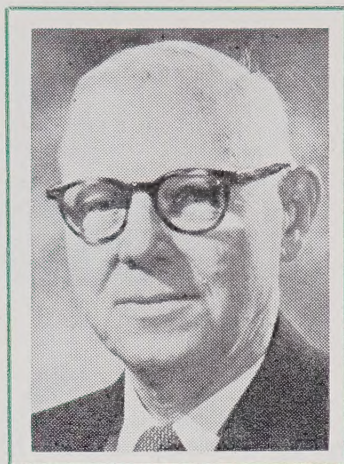
Progress during 1966 included:

Paid up Capital	Increased 72% to \$1,218,700
Total Assets under Administration	Increased 42% to \$9,930,706
Saving Deposits	Increased 36% to \$3,171,677
Guaranteed Investment Certificates	Increased 56% to \$4,733,640
Mortgages	Increased 56% to \$6,389,950
Profit on Guaranteed Funds	Increased 83% to \$ 142,671
Number of Customers	Increased 66% to 9,145

During 1966 the new Head Office building in Timmins was completed and the Timmins Branch relocated in the new building. The Hamilton Branch was closed and shortly after the termination of our fiscal period, the North Bay Branch was opened. Accounting procedures of the Registrar of Loan and Trust Corporations require that the expenses of development of offices be written off in the year in which they are incurred and this cost is reflected in our balance sheet.

Difficulties in certain areas of the financial community during the last two years have created problems for Trust Companies accepting deposits from the public. We have been fortunate that these events have had no serious impact on our growth because our customers realize that a Trust Company invests its guaranteed funds largely in bonds and first class mortgages. The Restrictions placed on Trust Companies regarding what they may do with the funds entrusted to them and the ratio of liquidity specified by the Federal and Provincial controlling authorities, all protect the customers of a Trust Company.

SHAREHOLDERS



J. L. C. McKay-Clements
President

No customer of a Canadian Trust Company has ever lost deposited funds. Proposed legislation covering deposit insurance will be added protection for those who must rely on the integrity of those who operate deposit taking institutions.

The financial period 1966-67 will be the first in which we shall enjoy freedom from the distractions of building both staff and premises. Our five branches and the Head Office are competently staffed and the indicated growth is most encouraging. It is anticipated that Trust Companies will enter a healthy expansion phase during the year.

We would like to record that your directors have given freely of their time and effort without remuneration since the inception of the company. We thank them on your behalf for their dedicated service. Our employees are to be highly commended for their loyal support during the past year.

In order to bring our Board of Directors up to full strength Mr. Geoffrey Charlewood of Kirkland Lake was added during the year. In December the President recommended that Mr. J. L. McKay-Clements be elected to succeed him and this was unanimously agreed upon. The new President was appointed as a salaried working executive and Mr. J. W. McBean was elected Chairman of the Board.

J. W. McBEAN
Chairman

J. L. McKAY-CLEMENTS
President

MANAGEMENT REPORTS TO THE

1966 was an eventful year in Canadian Finance. As a result of some events and in spite of others, Northland Trust showed substantial growth in all departments as outlined on previous pages of this report. Most of the non-recurring expenses attendant to the building and staffing of branches are now behind us. The entire cost of advertising and promotion, as well as initial operating deficits has been absorbed into expenses during the past five years. While the newer offices still have some distance to go before a break-even point is reached, our growth rate indicates a prosperous future.

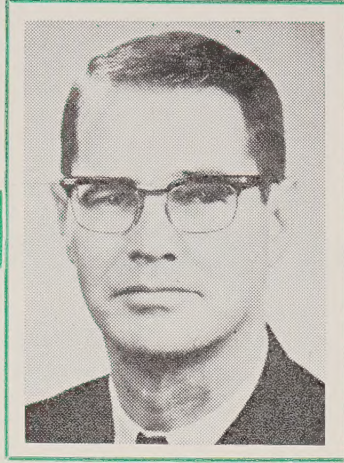
1967 could be described as the beginning of phase two in our Company's history. As we enter the new year, we do so with a new look. For the first time, a salaried President will guide the Company's destiny and, for the first time, there will be a Chairman of the Board. Management will benefit greatly from this improved organization as we set about to develop all facets of a full service Trust Company.

This phase of our history had of necessity to be postponed until the building phase was completed. Naturally, this development will require different talents. Already, the staff which displayed proficiency and ingenuity during the building phase, is proving it's ability to take on yet other challenges. I am pleased to report that at time of writing, five employees are enrolled in the Trust Companies Association course and that it is our Company's policy that enrollment in this course be a condition of employment for male staff following one year's service.

One of the most encouraging areas of growth was in the number of customers served, which at the time of writing is almost double those served at this time last year. That our Company has become an integral part of each of our Northern Communities is evidenced by the number of new clients that have been served each year since our beginning. Fortunately, residents of communities where branch services are not yet established, are still able to avail themselves of our Save By Mail, Guaranteed Investment Certificates, Pension Plans, Mortgages, and Estate, Trust And Agencies services.

Communities in Northern Ontario have benefited to the extent of \$6,000,000 in Mortgage Financing by our Company. The term, "Built by and for Northerners" becomes ever more meaningful each time a new residence or commercial development, using Northland Trust Mortgage Financing, springs up in one of our communities.

SHAREHOLDERS



P. H. Harrower
General Manager

While we appreciate the confidence displayed by the thousands of Northern Ontario residents who use our services, it is felt that the establishing of a corporation to provide deposit insurance with the regulations attendant thereto, is in the best interests of the depositing public. Northland Trust has actively supported the movement for uniform legislation within the Canadian Trust Industry in addition to other recommendations of the Royal Commission on Banking and Finance which, if implemented, would develop a more competitive system within the banking and financial community and thereby benefit Canadians who use these facilities.

The management is appreciative of the many ways in which shareholders, who number 332 support our endeavours. The owners are ably represented by our Board of Directors, men of wide experience and large responsibilities in business and professional life. For their constant attention to the Company's affairs, I am especially grateful.

The achievements of 1966 are now recorded. They would not have been possible without the loyal and enthusiastic support of the 41 members of our staff, the wise counsel of the Board of Directors and your willingness to underwrite our long range programme of progressive Trust Company services. To each, may I express my sincere appreciation.

P. H. HARROWER
General Manager

NORTHLAND**BALANCE SHEET****OCTOBER 31, 1966**

(with comparative figures for 1965)

ASSETS

	<u>1966</u>	<u>1965</u>
Cash	\$ 69,977	\$ 227,219
Accounts receivable	18,364	1,169
Securities (note 1):		
Canadian and Provincial Government bonds	1,601,976	1,603,358
Municipal bonds	280,631	280,622
Corporate bonds and debentures	509,322	510,923
Short-term notes and deposit receipts	201,211	
Stocks	284,630	88,535
(Total market value at October 31, 1966 \$2,609,464)	2,877,770	2,483,438
Loans secured by bonds and stocks	31,725	39,853
Mortgages less allowance for losses thereon	6,389,950	4,097,055
Office furniture and equipment at cost less accumulated depreciation of \$23,908 (1965-\$19,967)	45,965	49,287
Leasehold improvements at cost less accumulated amortization to date of \$7,258 (1965-\$1,114)	108,021	38,126
	<u>\$9,541,772</u>	<u>\$6,936,147</u>

ESTATES, TRUSTS AND AGENCIES

Cash, securities and other assets	\$ 388,934	\$ 63,578
	<u>\$ 388,934</u>	<u>\$ 63,578</u>

The 'Notes to the Balance Sheet' on the following page should be read together with this statement.

ST COMPANY

SHEET

1, 1966

at October 31, 1965)

LIABILITIES AND CAPITAL

Liabilities:	1966	1965
Due to bankers on demand loan (certain securities lodged as collateral)		\$ 128,500
Guaranteed account —		
Savings deposits	\$3,171,677	2,334,054
Short-term deposits	394,572	641,140
Guaranteed Investment Certificates	4,733,460	3,027,112
Retirement Savings Plans	61,631	24,605
	8,361,340	6,026,911
Accounts payable and accrued charges	85,687	72,831
	<u>8,447,027</u>	<u>6,099,742</u>
Capital (note 3):		
Capital stock —		
Authorized:		
200,000 shares with a par value of		
\$10 each	<u>2,000,000</u>	
Issued:		
124,800 shares	<u>1,248,000</u>	<u>1,248,000</u>
Less subscriptions —		
Called and in arrears (note 2)	29,300	
Uncalled		540,535
	<u>29,300</u>	<u>540,535</u>
	1,218,700	707,465
Surplus (deficit) (statement 2)	(123,955)	440
	<u>1,094,745</u>	<u>707,905</u>
	<u>\$9,541,772</u>	<u>\$6,936,147</u>

ESTATES, TRUSTS AND AGENCIES

Estates, trusts and agencies under administration	\$ 388,934	\$ 63,578
	<u>\$ 388,934</u>	<u>\$ 63,578</u>

Approved on behalf of the Board

J. L. McKAY-CLEMENTS
President

R. H. POPE
Treasurer

STATEMENT OF DEFICIT

Year ended October 31, 1966

	<u>1966</u>	<u>1965</u>
Net loss for the year after deducting all expenses including depreciation	\$ 124,395	\$141,417
Less premium on shares issued during the year		175,200
	<u>124,395</u>	<u>(33,783)</u>
Less balance at surplus (deficit) at beginning of year	440	(33,343)
Balance at surplus (deficit) October 31,	<u><u>\$ (123,955)</u></u>	<u><u>\$ 440</u></u>

AUDITOR'S REPORT

**To the Shareholders of
Northland Trust Company.**

We have examined the balance sheet of Northland Trust Company as at October 31, 1966. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

The assets held for Guaranteed Account and for Estates, Trusts and Agencies Account are kept separated from the Company's own assets and are so earmarked on the books of the Company as to show the accounts to which they belong.

In our opinion the accompanying balance sheet presents fairly the financial position of the Company as at October 31, 1966.

November 25, 1966.
London, Canada.

CLARKSON, GORDON & CO.
Chartered Accountants.

NOTES TO THE BALANCE SHEET

1. Canadian and Provincial Government bonds, Municipal bonds and Corporate bonds and debentures are carried at amortized cost plus accrued interest and other securities are carried at cost, the aggregate of which is greater than quoted market values.

In February of 1966 the company closed its branch operations in Hamilton, Ontario at which time arrangements were made with Hamilton Trust and Savings Corporation to assume that branch's liability with respect to savings and chequing accounts. Under this agreement certain bonds with a par value of \$200,000 have been allotted as security for specific guaranteed investment certificates issued to Hamilton Trust and Savings Corporation. These guaranteed investment certificates amount to approximately \$112,700 as at October 31, 1966.

2. Subscriptions called and in arrears include \$22,100 with respect to 2,370 shares of the company's stock declared forfeited during the year. These shares were originally subscribed for at the following prices:

320 shares @ \$12.50	\$ 4,000
<u>2,050 shares @ \$13.50</u>	<u>27,675</u>
<u>2,370 shares</u>	<u>\$31,675</u>

Up to the time of forfeiture \$9,575 of the subscription price had been received.

3. Options granted in 1965 to purchase 42,079 shares of the authorized capital stock of the company at a price of \$10 per share exercisable until October 31, 1975, are still outstanding. Additional options to purchase 10,000 shares of the authorized capital stock at \$10 per share exercisable until October 31, 1976, have been reserved for an employees' stock option plan.
4. During the year in addition to the closing of the company's Hamilton branch, noted above, the company re-located its head office and Timmins branch and established a new branch in North Bay which was opened in November, 1966.
5. Northland Trust Company has entered into agreements to lease its head office and certain of its branch premises for various periods of up to twenty years.
Under present and anticipated arrangements (other than those on a monthly basis) maximum annual rentals (chargeable to operations) will amount to approximately \$42,000.
6. During the year ended October 31, 1966 the shareholders of the company approved a resolution authorizing an application for supplementary letters patent increasing the authorized share capital of the company from \$2,000,000 to \$5,000,000 by creating an additional 300,000 shares with a par value of \$10 each. As at October 31, 1966 this application had not been submitted to the Province of Ontario.



**Northland Trust Building
Sudbury**

W. J. Vanstone, Manager
Opened June, 1965



**Northland Trust Building
North Bay**

J. W. Chapman, Manager
Opened November, 1966



**Northland Trust Building
Kirkland Lake**

N. Krcel, Manager
Opened November, 1962



**Northland Trust Building
Kapuskasing**

Mrs. M. Y. Germain, Branch Officer
Opened September, 1964



**Northland Trust Building
Timmins Branch Interior**

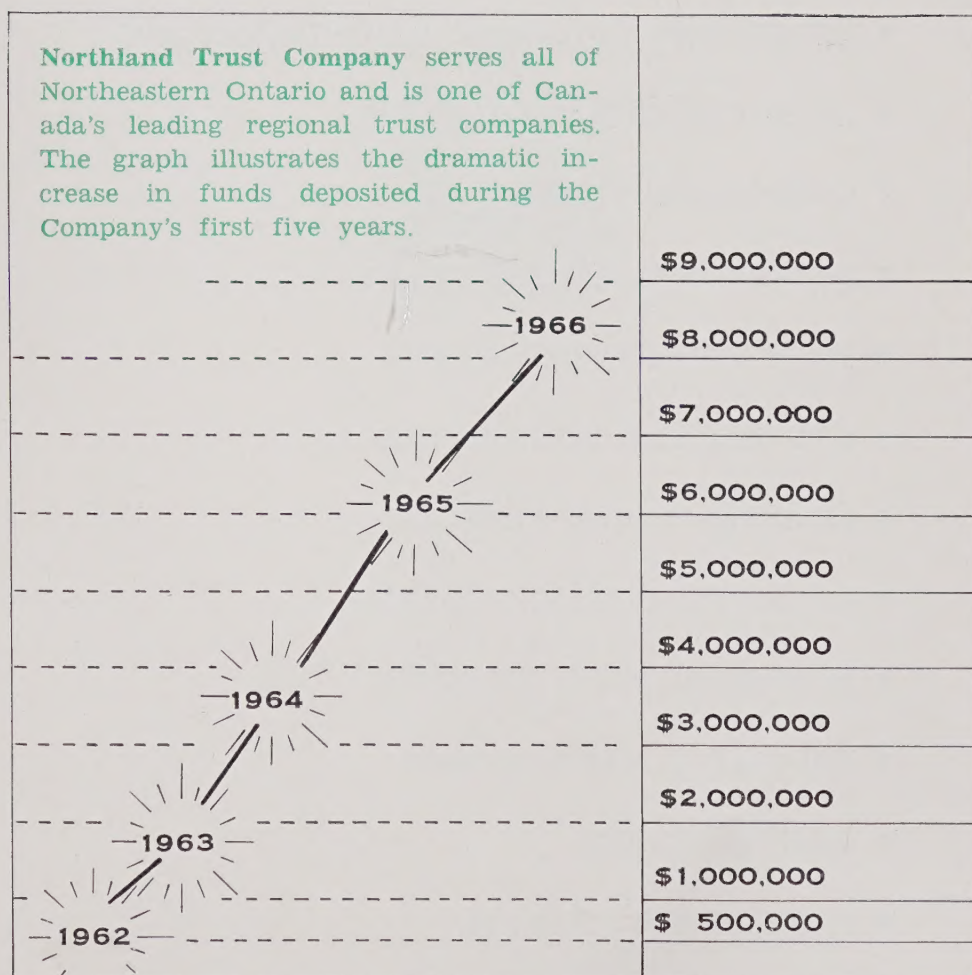
J. A. Plant, Manager
Opened March, 1962
Relocated June, 1966

GROWTH OF GUARANTEED FUNDS

Public acceptance and use of Northland Trust as a depository for savings in various forms has been substantial and is accelerating rapidly. The graph on this page illustrates the dramatic expansion of the use of these services in the first five years of the Company's experience.

Northland Trust pays maximum rates on its savings and chequing accounts. It also provides extended banking hours, a variety of branch locations and a well qualified staff to provide excellent personal service.

Guaranteed Investment Certificates sold by the Company are issued for a fixed period of time. The term can range from 365 days to 5 years. These certificates are suitable for executors, trustees and administrators as well as for corporations and private individuals.



Growth of Guaranteed Funds

SERVICES

- SAVINGS ACCOUNTS
- SAVE BY MAIL
- CHEQUING ACCOUNTS
- GUARANTEED INVESTMENT CERTIFICATES
- TERM DEPOSITS
- MORTGAGE LOANS
- EXECUTORS-TRUSTEES-ADMINISTRATORS
- INVESTMENT MANAGEMENT
- CORPORATE TRUSTS
- RETIREMENT SAVINGS PLANS
- TRUSTEED PENSION PLANS
- TRUSTEE FOR BOND ISSUES
- CEMETERY FUND TRUSTEE
- TRUST FUND MANAGEMENT
- MUNICIPAL FUND TRUSTEE
- PROPERTY MANAGEMENT
- MONEY ORDERS
- TRAVELLERS CHEQUES
- SAFETY DEPOSIT BOXES



NORTHLAND TRUST
COMPANY

"Built by and for Northerners"